

BANGOR, MAINE



2004 Annual Economic Status Update



The City of Bangor Quarterly Economic Status Update is timed to coincide with the publication of Maine State Planning Office data. The use of the terms First Quarter, Second Quarter, Third Quarter and Annual Review reflect the quarter of the data reported, not the date of the report. Thus, the Annual Review will appear in March as that is when the State end of year data is available. First Quarter data will appear in June, Second Quarter data in September, and Third Quarter data in December.

Contact Our Economic Development Team

Director rod.mckay@bgrme.org

Economic Development Officer steve.bolduc@bgrme.org

Business & Economic Development Officer sally.bates@bgrme.org

Economic Development Coordinator kathy.patterson@bgrme.org

Bangor Department of Economic Development
73 Harlow Street, Bangor, Maine 04401
(207) 992-4240 Fax (207) 945-4447



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Introduction

The City of Bangor Annual Economic Status Update is designed to provide an overview of, and a context for, how the City of Bangor is doing economically. It looks at the most current economic data available, both in terms of how Bangor looks now compared to past years and also how Bangor fares when compared to other Maine cities, regions, the State of Maine, and the nation. The update will present basic demographic information, population analysis, personal income data, and provide a concise overview of retail sales and labor market data.

Demographic data

The median age in the City of Bangor is 36.1. The largest population age group is 18 - 29 followed by seniors, then school age children. Bangor's average household size is 2.12 persons, and the average family size is 2.81. The percentage of people in Bangor living in group quarters (as opposed to households) rose from 6.9% to 7.5% from 1990 to 2000. (Source: Census 2000)

Most of Bangor's residents, 69.6%, were born in Maine, 25.5% were born in another state, 1.5% were born outside the US, 1.8% were naturalized citizens, and 1.6% were foreign born and not US citizens. People in Bangor tend to stay in the same geographic area, 47% of people lived in the same house they lived in five years before, 32% lived in a different house but the same county and 10.6% lived in a different county but still in Maine. (Source: Census 2000)

The City of Bangor is largely homogenous. Whites comprise 96.3% of a population that is of primarily European descent. The three next largest race percentages are American Indian 1.6%, Asian 1.5%, and Black or African American 1.4%. Females represent 53.1% of the total population, and males represent 46.9%. (Source: Census 2000)

Housing

The total number of available housing units in Bangor increased from 14,366 in 1990 to 14,587 in 2000. (Census 2000) Calculated vacancy rates for homeowners rose by 2.0%. The rental vacancy rate decreased from 7.5% in 1990 to 4.2% in 2000. In 2002, the State of Maine had a homeowner vacancy rate of 1.1 percent and a rental vacancy rate of 5.6 percent. While this is good economic news for rental property owners, it can create a problem for lower income people seeking to find an affordable place to live.

The Office of Research and Planning, Maine State Housing Authority lists the 2003 median home price for Bangor at \$105,500. Average prices for rent and utilities in 2004 for the Bangor area, according to the National Low Income Housing Coalition, range from \$505 to \$923.

2004 Rental Cost by Number of Bedrooms

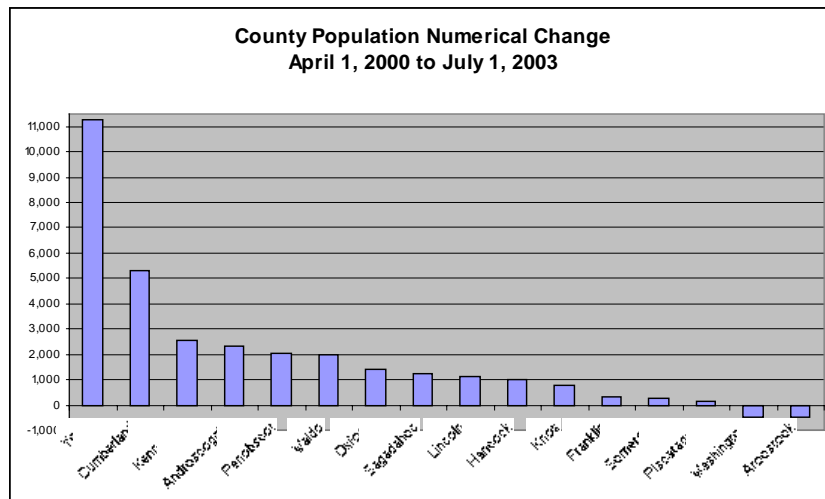
1 Bedroom	\$505
2 Bedrooms	\$642
3 Bedrooms	\$819
4 Bedrooms	\$923



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Population

The 2004 U. S. Census Bureau annual population estimate shows Maine's population increased by 30,805, but not all areas of Maine grew equally and some areas did not grow at all. Counties in Southern Maine captured most of the growth, with York County (11, 284) and Cumberland County (5, 311) accounting for half of the state's growth. The following chart shows Penobscot County had the fifth largest population growth adding an additional 2,063 people. Both Aroostook County and Washington County lost population, 510 and 462, respectively.



The Census Bureau lists annually the population of 532 minor civil divisions in the State. Bangor's population of 31,550 makes Bangor the third largest city in Maine, following Portland and Lewiston. To get a perspective of how Bangor compares to the rest of Maine, it is interesting to note that only nineteen (3.6%) of Maine's 532 civil divisions have populations of more than 10,000; two hundred fifty-one (47%) have populations under 1,000; and sixty-one (11.5%) have populations under 100. Bangor's population is larger than two of Maine's sixteen counties, Franklin (29,763) and Piscataquis (17,394). The population of Bangor increased by 77 between 2000 and 2003. The chart below gives some perspective to how Bangor's population growth compares to population changes in the country, state, county and other cities.

Population Estimates and Population Change				
April 1, 2000 to July 1, 2003				
Place	July 1, 2003 Population	April 1, 2000 Population	Numerical Change	Percent Change
United States	290,788,976	281,421,906	9,367,070	3.3%
Maine	1,305,728	1,274,923	30,805	2.4%
Penobscot County	146,982	144,919	2,063	1.4%
Portland	63,635	64,249	-614	-1.0%
Bangor	31,550	31,473	77	0.2%
Lewiston	35,922	35,690	232	0.7%
Augusta	18,618	18,560	58	0.3%
Brewer	9,075	8,987	88	1.0%
Source: Population Division, U.S. Census Bureau				
Release Date: June 24, 2004				



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Still another story emerges when we look at population growth data for the Bangor Metropolitan Statistical Area.

Bangor Metropolitan Statistical Area

The general concept of a Metropolitan Statistical Area (MSA) is that of an area containing a recognized population nucleus and adjacent communities that have a high degree of integration with the center. Journey to work data and commuting patterns obtained by the U.S. Census are the basis for defining a Metropolitan Statistical Area. In the case of the Bangor MSA, the City of Bangor is the population nucleus.

The Bangor MSA consists of forty-one of the sixty-seven towns in Penobscot County, three towns in Hancock County and two towns in Waldo County. The Bangor MSA population grew by 2,218 from April 1, 2000 to July 1, 2003. The Penobscot County portion of the Bangor MSA growth amounted to 2,083. Since Penobscot County only grew by 2,063 people, the growth in the Bangor MSA accounted for all of Penobscot County's growth. What is more interesting is that the growth in seventeen towns within about a ten-mile radius of the City of Bangor, commonly referred to as Bangor's bedroom communities, totaled 1,817.

Bangor MSA Population Estimates July 1, 2003			
New England City and Town Area (NECTA)			
Geographic Area	Pop	Geographic Area	Pop
Hancock County towns		Penobscot Cont'	
Amherst town	231	Hampden town	6,609
Aurora town	118	Hermon town	4,743
Dedham town	1,453	Holden town	2,922
Penobscot County towns		Howland town	1,360
Alton town	836	Hudson town	1,411
Argyle UT	253	Kenduskeag town	1,211
Bangor city	31,550	Lagrange town	749
Bradford town	1,221	Levant town	2,289
Bradley town	1,265	Lowell town	295
Brewer city	9,075	Maxfield town	86
Carmel town	2,459	Milford town	3,046
Charleston town	1,399	Newburgh town	1,438
Clifton town	766	Newport town	3,057
Corinth town	2,633	Old Town city	8,127
Dixmont town	1,083	Orono town	9,142
East Central Penobscot UT	321	Orrington town	3,575
Eddington town	2,153	Passadumkeag town	446
Edinburg town	98	Penobscot Indian Island	556
Enfield town	1,605	Plymouth town	1,281
Etna town	1,014	Stetson town	1,010
Exeter town	1,003	Veazie town	1,846
Garland town	989	Waldo County towns	
Glenburn town	4,199	Frankfort town	1,067
Greenbush town	1,452	Winterport town	3,682
Total Population Bangor MSA 127,124			
Population Division, U.S. Census Bureau			
Release Date: June 24, 2004			



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Per Capita Income

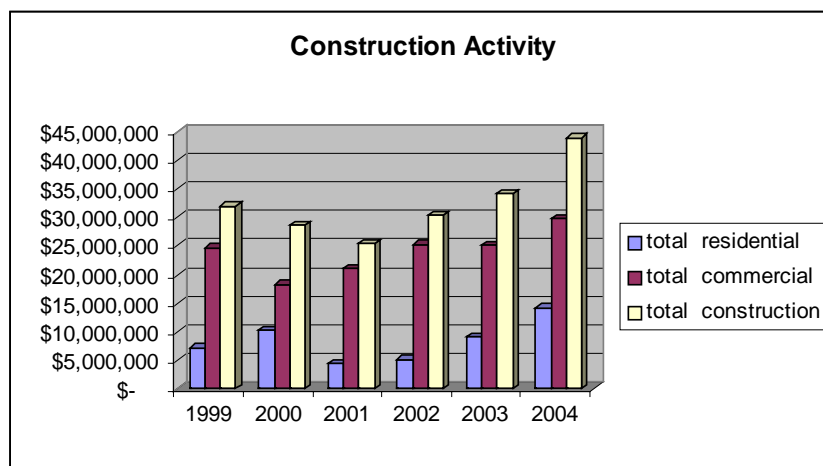
In 2003 Maine had a per capita personal income (PCPI) of \$28,935. This PCPI ranked 31st in the United States and was 92 percent of the national average, \$31,459. The 2003 PCPI reflected an increase of 3.2 percent from 2002. The 2002-2003 national change was 2.2 percent. The 1993-2003 average annual growth rate of PCPI was 4.5 percent. The average annual growth rate for the nation was 4.0 percent.

Bangor has experienced a steady per capita income growth rate that has exceeded the State average in the last two reported years. In 2000 the Bangor MSA per capital personal income grew 6 percent over 1999. 2001 was also a good income growth year for Bangor with a 6.7 percent increase over 2000. In 2002 Bangor's per capita income grew 3.6 percent compared to a state growth rate of 3.2 percent and a national growth rate of 1.7 percent.

Maine Per Capita Personal Income & Annual Percent Change								
	Maine	% change	Maine Metro	% change	Maine Nonmetro	% change	Bangor MSA	% change
1997	\$ 22,179		\$ 23,791		\$ 20,026		\$ 20,461	
1998	\$ 23,596	6.4%	\$ 25,262	6.2%	\$ 21,348	6.6%	\$ 21,605	5.6%
1999	\$ 24,484	3.8%	\$ 26,260	4.0%	\$ 22,065	3.4%	\$ 22,287	3.2%
2000	\$ 25,972	6.1%	\$ 27,818	5.9%	\$ 23,445	6.3%	\$ 23,621	6.0%
2001	\$ 27,157	4.6%	\$ 29,056	4.5%	\$ 24,542	4.7%	\$ 25,207	6.7%
2002	\$ 28,038	3.2%	\$ 29,905	2.9%	\$ 25,456	3.7%	\$ 26,123	3.6%
2003	\$ 28,935	3.2%						
Source: Bureau of Economic Analysis, U.S. Department of Commerce								
Bangor MSA data release date: May 25, 2004								

Development Activity

Bangor continues to experience robust development activity and economic growth. Downtown, industrial and business parks, the mall and other retail districts have all benefited from substantial new investments. Since 1996, a steady stream of investment has gone into





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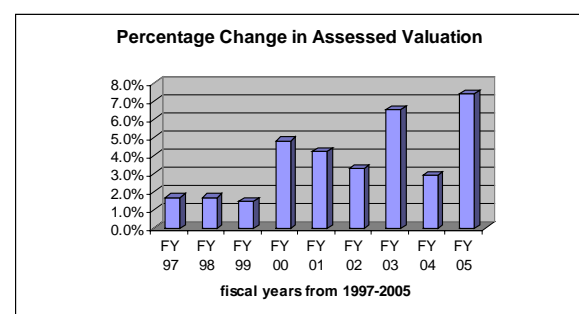
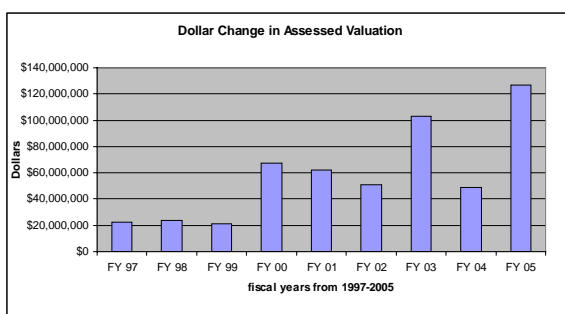
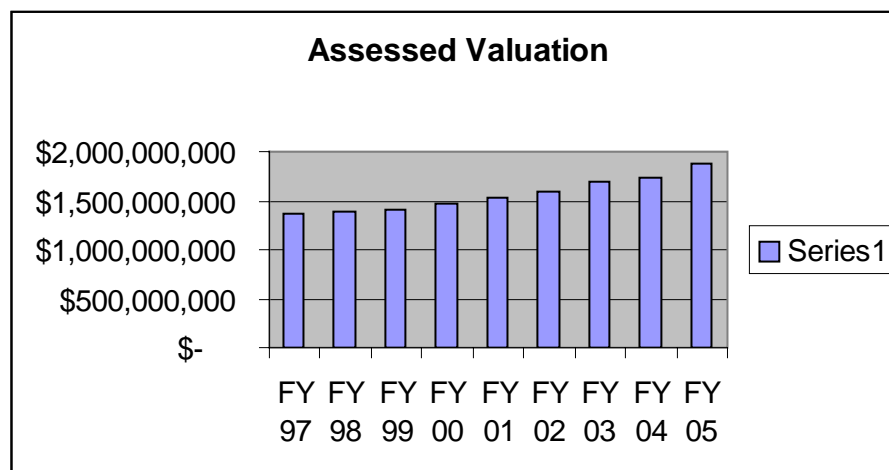
rehabilitation, reuse, and expansion of existing Downtown real estate assets. Downtown's revival is being accomplished with both public funds and private investment.

Commercial construction activity is key to the growth of Bangor's economic base. In 2004, commercial construction amounted to \$29,770,741, up 19% from \$25,064,109 in 2003 and up an amazing 63% from the year 2000. The total dollar amount of commercial construction activity from 2000 to 2004 was \$119,321,030.

Bangor is also enjoying residential development activity. There were 366 residential construction permits issued in 2004 amounting to \$14,142,795, up 57% from \$9,032,317 in 2003. The total dollar amount of residential construction activity from 2000 to 2004 was \$43,140,187.

Assessed Valuation

For the fiscal years ending June 30, 2003 and 2004, Bangor's assessed valuation increased \$102,817,000 (6.5%) and \$49,101,000 (2.9%) respectively. Assessed value for fiscal year 2005 increased significantly, \$127,016,000 (7.4%).

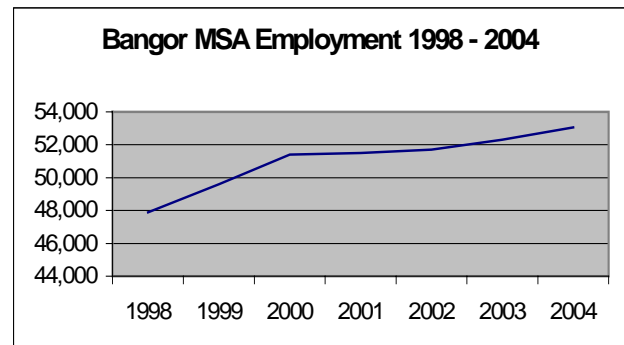
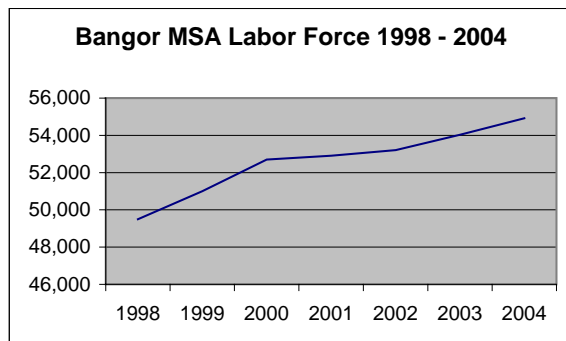




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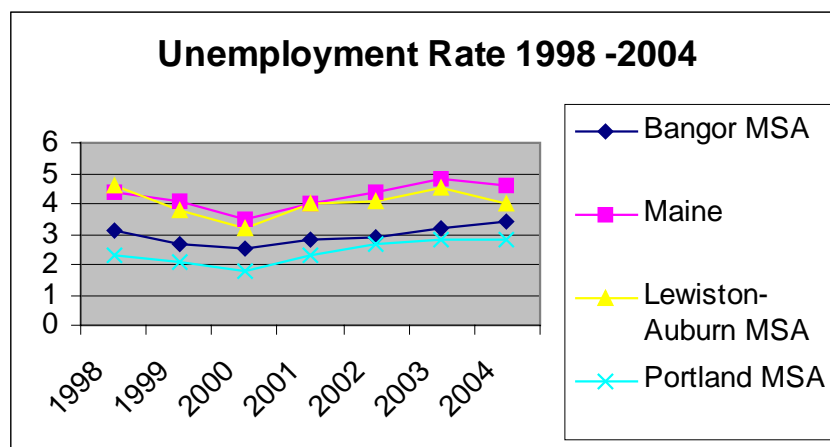
Labor Market

The Bangor MSA labor force has experienced steady growth since 1998, growing from 49,500 to 54,917 in 2004, a 10.9% growth. The Bangor MSA Employment picture is much the same, showing steady growth. Employment figures increased from 47,900 in 1998 to 53,058 in 2004. Each year's growth from 1998 to 2004 was, respectively, 1,700, 1,800, 100, 200, 600 and 758 for a total of 5,158 additional people employed, a 10.8% growth over the years.



Bangor enjoys a relatively stable labor market with unemployment rates lower than the State's average. The unemployment rate has ranged from 2.5 to 3.2 in the seven-year period from 1998-2004, well below national unemployment rates.

The chart below shows unemployment rates for Maine and the three MSAs, for the last seven years. While all rates show a similar pattern of decreasing unemployment rates until 2000 and then a gradual increase, Bangor has remained the most constant.





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The month by month 2004 employment & unemployment data for the Bangor MSA show the continued historic pattern of lower unemployment numbers in the May – September range with generally higher unemployment both earlier and later in the year. The highest number of unemployed in the Bangor MSA, 2,400, occurred in February with the lowest number, 1,500 in May. In general, the Bangor unemployment rate runs a percentage point lower than the State's rate and two points lower than the nation.

2004 Bangor MSA Labor Market at a Glance Labor Force Data Not Seasonally Adjusted						
2004	Bangor MSA Civilian Labor Force	Bangor MSA Employed	Bangor MSA Unemployed	Bangor MSA Unemployment Rate	Maine State Unemployment Rate	United States Unemployment Rate
January	54,900	52,700	2,200	4.0%	5.8%	6.3%
February	55,200	52,800	2,400	4.3%	5.9%	6.0%
March	54,800	52,500	2,300	4.2%	5.6%	6.0%
April	54,700	52,800	1,900	3.4%	4.8%	5.4%
May	55,200	53,700	1,500	2.8%	3.9%	5.3%
June	53,900	52,200	1,700	3.1%	4.0%	5.8%
July	54,000	52,500	1,500	2.8%	3.5%	5.7%
August	54,600	53,000	1,600	2.9%	3.7%	5.4%
September	54,600	52,800	1,800	3.3%	4.1%	5.1%
October	56,000	54,100	1,900	3.5%	4.2%	5.1%
November	56,000	54,300	2,000	3.6%	4.5%	5.2%
December	55,100	53,300	1,900	3.4%	4.7%	5.1%
Source: Maine Department of Labor, Division of Labor Market Information Maine Department of Labor						

Labor Market Classification System

The Labor Market Classification System was recently changed to better reflect the change in our economy from an industrial based economy to a service economy. The former Standard Industrial Classification (SIC) system was developed during the 1930's and was designed to describe the manufacturing industries. It was not well-suited to defining service industries, the Internet and technology based sector, cell phone, HMO's and other new kinds of industries that have arisen. The new labor market classification system, called the North American Industrial Classification System (NAICS), groups businesses based on what they do as opposed to what they produce as the SIC system did.

2002 marked the first time that the NAICS was used to describe employment at the state and MSA level. That means that labor market data for 2002 onward can not be compared to labor market data from previous years.

The categories of classification developed in NAICS, however, are much more useful in terms of capturing meaningful employment data and trends. For example, the SIC system had two major category classifications of labor, manufacturing and nonmanufacturing. The manufacturing



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classification had eleven sub-levels of categories which all-together accounted for only 9.8% of the labor market in 1991 and 7.5% in 2001.

The labor market data below is presented in the new North American Industrial Classification System. The NAICS configuration captures important information for the Bangor Market such as Retail Trade which constitutes 15.3% of jobs, Health Care & Social Services with 18.5% of the market and Leisure & Hospitality with 8.1% of Bangor MSA jobs. Bangor enjoys a healthy economic diversity in its labor market with employment in a broad range of sectors.

2002-2003 Bangor MSA Nonfarm Wage and Salary Employment by Sector				
North American Industrial Classification System				
Source: Maine Department of Labor				
	<u>2002</u>	<u>% Total</u>	<u>2,003</u>	<u>% Total</u>
Goods Producing	6,020	10.2%	5,970	10.1%
<i>Natural Resources and Mining</i>	160	0.3%	160	0.3%
<i>Construction</i>	2,260	3.8%	2,360	4.0%
<i>Manufacturing</i>	3,600	6.1%	3,440	5.8%
Durable Goods	1,930	3.3%	1,850	3.1%
Non-Durable Goods	1,670	2.8%	1,550	2.6%
Service-Providing	41,320	69.8%	41,480	69.9%
<i>Trade, Transportation, & Utilities</i>	13,370	22.6%	13,650	23.0%
Wholesale Trade	2,190	3.7%	2,210	3.7%
Retail Trade	8,760	14.8%	9,080	15.3%
Transportation and Warehousing	2,210	3.7%	2,180	3.7%
Utilities	210	0.4%	180	0.3%
<i>Information</i>	1,750	3.0%	1,390	2.3%
<i>Financial Activities</i>	2,130	3.6%	2,150	3.6%
Finance and Insurance	1,570	2.6%	1,540	2.6%
Real Estate & Rental & Leasing	560	0.9%	620	1.0%
<i>Professional & Business Services</i>	5,290	8.9%	5,280	8.9%
Professional, Scientific, & Technical Svcs.	2,240	3.8%	2,290	3.9%
Management of Companies & Enterprises	580	1.0%	580	1.0%
Admin. & Support & Waste Mgmt. Svcs.	2,460	4.2%	2,410	4.1%
<i>Education and Health Services</i>	11,180	18.9%	11,480	19.3%
Educational Services	450	0.8%	480	0.8%
Health Care and Social Assistance	10,730	18.0%	11,000	18.5%
<i>Leisure and Hospitality</i>	4,790	8.1%	4,820	8.1%
Arts, Entertainment, and Recreation	410	0.7%	410	0.7%
Accommodation and Food Services	4,380	7.4%	4,403	7.4%
<i>Other Services</i>	2,810	4.8%	2,730	4.6%
Repair and Maintenance	640	1.1%	580	1.0%
Membership Associations & Organizations	1,750	3.0%	1,720	2.9%
Government	11,890	20.1%	11,900	20.0%
Total Nonfarm Wage and Salary Employment	59,230	100.0%	59,360	100.0%



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Retail Sales

For the purpose of reporting Retail Sales, the Maine State Planning Office has divided the state into eight geographic Economic Summary Districts (ESD). The eight Economic Summary Districts are Southern Maine, Cumberland, Androscoggin, Kennebec, Mid Coast, Eastern Maine, Penobscot, and Northern Maine. Within each district are smaller geographic units called Economic Summary Areas (ESA). The City of Bangor falls into the Penobscot ESD, in one of the six ESAs that comprise the Penobscot ESD. The six ESAs are Winterport, Bangor, Bangor Suburban, Dover-Foxcroft, Lincoln, and Millinocket. The Bangor Economic Summary consists of Bangor, Brewer, Great Works, Indian Island, Old Town, Orono, Stillwater, and Veazie.

The Maine State Planning Office releases quarterly reports with monthly retail sales data at the ESD and ESA levels. The retail data is reported by seven store type groups, which are building supply, food stores, general merchandise, other retail, auto, restaurants and lodging. The sum of these seven store types sales is reported as Consumer Retail Sales. The term 'Total Retail Sales' refers to the sum of consumer retail sales and such things as utility sales and heating oil sold to commercial and industrial establishments.

For the sake of clarity, we offer the following working definitions of Maine's sales tax system coding for store types. 'Building Supply' includes durable equipment sales, contractors' sales, hardware stores and lumber yards. 'Food Stores' are all food stores from large supermarkets to small corner stores. The values reported are snacks and non-food items only, since food intended for home consumption is not taxed. The taxable values reported typically represent roughly 25% of actual store sales. In the 'General Merchandise' group are department stores and stores carrying product lines typically found in department stores; including clothing stores, furniture stores, shoe stores, and home appliance stores. 'Other Retail' includes a wide variety of store types not covered elsewhere, including drug stores, jewelry stores, sporting goods stores, antique dealers, book stores, photo supply stores, gift shops, etc. 'Auto' includes all transportation related stores, including auto dealers, auto parts stores, motorcycle shops, aircraft dealers, boat dealers, auto rental, etc. 'Restaurants' includes all stores selling food for immediate consumption. 'Lodging' includes hotels, motels, campgrounds, bed & breakfasts, etc.

Bangor ESA Retail Sales

The chart below shows the breakdown of the 2004 Bangor ESA total retail sales by City and by category. It is clear that the driving force for the Bangor ESA performance figures is the **City of Bangor's 79% share** of total taxable sales of the Bangor ESA.

Data from the Bangor Suburban ESA provides another indicator of the City of Bangor's retail powerhouse status. The 31 towns that surround Bangor comprise the Bangor Suburban ESA with a total population of 51,470. The combined total taxable sales for those 31 towns amounted to only 26% of total taxable sales in the City of Bangor, population 31,550.

Clearly the City of Bangor is the retail-shopping destination of the region and Bangor provides the ideal location for businesses to succeed and grow.

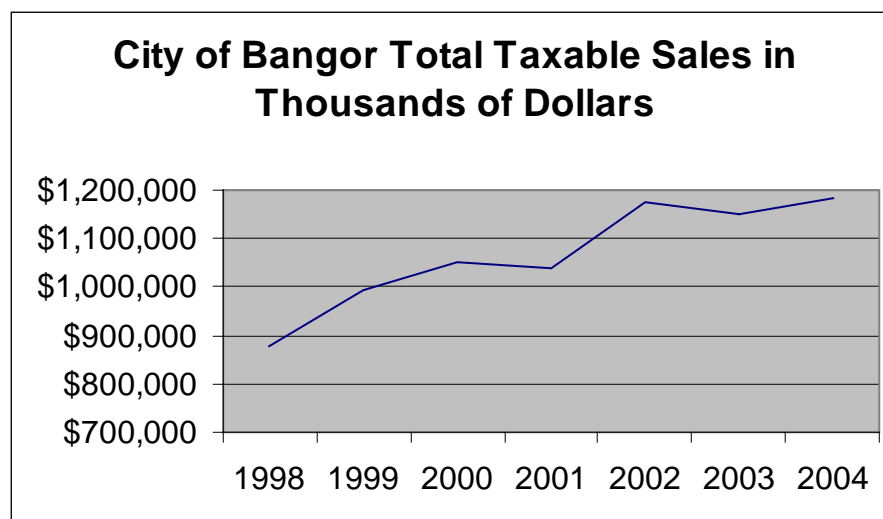


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Bangor ESA 2004 Total Taxable Sales In Thousands of Dollars				
	Bangor	Brewer	Total all Other Bangor ESA towns	Bangor ESA
Business Operating	\$ 105,155	\$39,978	\$8,497	\$153,630
Bldg Supply	\$ 160,551	\$9,560	\$9,304	\$179,415
Food Stores	\$ 50,129	\$16,384	\$16,540	\$83,052
General Mdse	\$ 303,862	\$69,311	\$4,168	\$377,340
Other Retail	\$ 106,138	\$11,554	\$6,141	\$123,833
Auto Stores	\$ 317,718	\$65,102	\$9,455	\$392,275
Rest & Lodging	\$ 138,627	\$20,704	\$30,858	\$190,189
Total Sales	\$ 1,182,180	\$232,591	\$84,963	\$1,499,734
<small>*Bangor ESA: Bangor, Brewer, Great Works, Indian Isl Sta, Old Town, Orono, Stillwater, Veazie</small>				
Maine Retail Sales Annual Review 2004				
Source: Maine State Planning Office				

City of Bangor Retail Sales

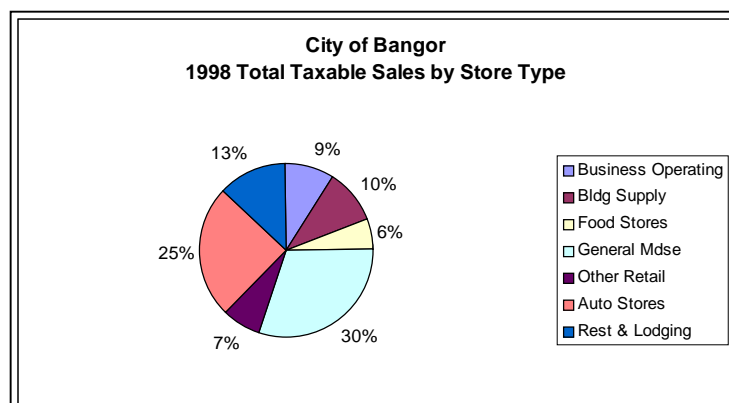
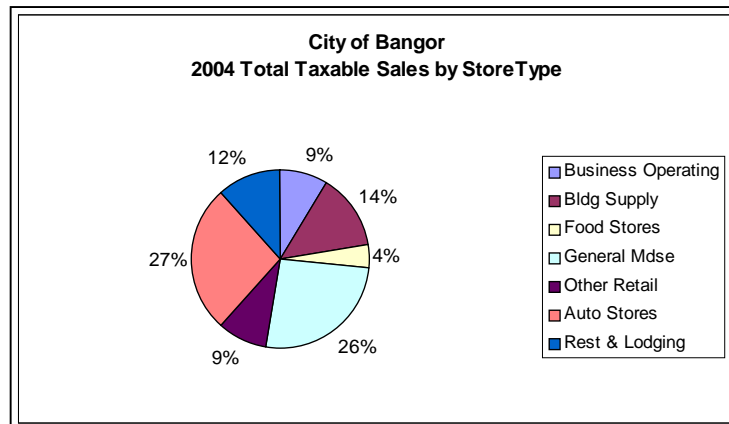
The City of Bangor currently serves as a retail powerhouse for the region, and it is growing. Bangor's retail sales have grown from \$878,198,000 in 1998 to \$1,182,180,000 in 2004, an increase of \$303,982,000, 35%. Bangor's retail sector serves a market far beyond the confines of the Bangor metro area; it includes Aroostook County to the north, Washington County to the northeast, and, depending on the exchange rate between the two currencies, parts of Quebec and the Maritime Provinces of Canada. Overall, taxable consumer retail sales in the Bangor area are about twice as much as the local population would be expected to support.





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The composition of Bangor's total taxable sales by store group as a percentage of annual total taxable sales is shown in the following graphs. The most significant change in store group share of total sales from 1998 to 2004 is in Building Supply, which gained four percentage points of total shares. Auto Stores increased to twenty-seven percent of Bangor's taxable sales in 2004, up from twenty-five percent in 1998 and currently the largest store group. General Merchandise sales percent of total sales decreased four percentage points from 1998 to 2004.



City of Bangor Total Taxable Sales In Thousands of Dollars				
	2004 Dollars	2004 Percent	1998 Dollars	1998 Percent
Business Operating	105,155	9%	82,578	9%
Bldg Supply	160,551	14%	87,030	10%
Food Stores	50,129	4%	51,084	6%
General Mdse	303,862	26%	260,330	30%
Other Retail	106,138	9%	63,821	7%
Auto Stores	317,718	27%	219,796	25%
Rest & Lodging	138,627	12%	113,559	13%
Total Sales	\$1,182,180	100%	\$878,198	100%
Source: Maine State Planning Office				